

Overview of background of tesco marketing essay



**ASSIGN
BUSTER**

Jack Cohen founded Tesco in 1919 when he began to sell surplus groceries from a stall at Wall Street market, Hackney in east end of London. Now a large Tesco site is their where that time a small shop was there. The Tesco brand first time appeared in 1924. Jack Cohen bought the name TESCO from a shipment of tea from T. E Stockwell. He made label using first three letters of the supplier's name that was TES and after that he add two letter of his surname that was CO, forming the word TESCO. The first Tesco store opened in Middlesex (burnt oak Edgware). In 1947 Tesco stores (holdings) limited floated on the London stock exchange. In 1950 Tesco started its first self-service store in St. Albans which remained operational unit 2010, with period as a Tesco metro. In between 1950s to 1960s Tesco grew organically and also through acquisitions, more than 800 stores owned by Tesco in that time. In 1957 company purchase 70 Williamsons stores and in 1959 they bayed Harrow stores outlets. 212 Irwin's they bayed stores in 1960. In 1987 Tesco invested £220 million in the north England to complete its hostile takeover of the Hillards chain of 40 supermarkets. This was only starting for the company after this company battle for the top spot. Company launched their slogan " every little help", followed by the Tesco value range in 1993 after that company launch Tesco club card in 1995 and that help company to overtake its rival Sainsbury's as U. K's largest food retailer. In 1996 Tesco introduce its first 24- hour store and with that they open their overseas chain in Poland, Slovakia and Czech Republic. " Tesco. com" launched in2000 and company continued to expand its range of different product. Tesco is now the biggest retailer of the U. K and its overtake Sainsbury in all part of business. But on other hand Tesco also has some good and bad point in its business process.

Tesco have quality commercial standing within the global market place that's why in 2008 they win Retailer of the Year award at the " World Retail Awards". This can be used by the company for marketing campaigns to drive advantage towards the demographic base which helps future growth and sustainability.

Business environment in which global retail sales are showing level performance or decline on a like for like basis Tesco Group have published their sales gain of 13% for UK markets and for international markets growth is 26%.

As all business are looking for continued expansion Tesco have reserve funds of credit coupled with income derived from the property portfolio development funds.

Weaknesses

The Tesco's Finance profit levels were impacted through bad debt and credit card arrears are making problems and the household insurance claims are a weak point of the company.

The Tesco's position in U. K market as a price leader and that can lead to reduced profit margins of the company in order to retain key price points on must have commercial items.

To operate Grocer outlets there are no set up of specialist retailers in that specific areas of product that can be capitalised on by other smaller bespoke retailers.

The current economic condition of whilst suggest that Tesco's key value message will succeed but there is a weakness in non-essential, the lower disposable income effecting the mid to high ticket price and the rising cost of living.

Opportunities

Tesco is the third largest global grocer and that suggest by statistics and that indicates a level of buying power of the customer to ensure mainstream economies of scale.

The acquisition of However provides the opportunity to develop the brand through Asia, specifically South Korea and further grow International markets for the group.

By Tesco Direct through online and catalogue shopping helping Tesco in development and it will grow all use of technology, company is providing the launch pad for larger non-food based products with moderate to high margin returns and less focus on sales and margin per foot return to space.

The mobile grown $\frac{1}{4}$ million customers in 2008 in Tesco and moved company into profitable status suggesting for further growth and development of the area can be possible when company use this technology.

Threats

American and U. K markets have been affected by economic concerns through the credit crunch. Lower available income will impact to the customer and strategic focus need to change to lower priced basic products

with less focus on higher priced brands suggesting a switch in price architecture.

Rising raw material costs from both food and non food will impact profit margins overall.

Some non-food product areas will reduce margin rate because of exporting restrictions and this change is to far east location

As technology develops consumer buying patterns change because consumer's buying behaviour require future analysis which will result as requiring evaluation of the product areas.

Overtake is a persistent threat for Tesco and Wal-Mart who are market leader has both means and motive to pursue such action.

Different factor effect the company work and those who can deal with these factor become successful Tesco is dealing with these factor very well so they are very successful and customer relay on them. The factor are-

Political Factors

Tesco now operates in six countries in Europe in addition to the UK; the Republic of Ireland, Czech Republic, Hungary, Slovakia, Turkey and Poland as global stores all over. It also operates in Asia- South Korea, Japan, Malaysia, Thailand, and Taiwan Tesco's performance is highly influenced by the political and legislative conditions of these countries, including the European Union (EU).

To provide a mix of job the government encourages the retailers and that give employment legislation. The opportunities must be flexible, higher-paid, higher- skilled and centrally- located. Different categories demand meets the population such as working parents, students, and senior citizens. Jobs and people factors has great impact on retailing and Tesco know that salutation that's why they focus on large number of disabled, student and elderly worker, often paying lower rate to them.

Economical Factors

Tesco has concern of economic factor, because demand, price, cost and profit likely influenced by this factor. High unemployment level is a big influential factor in this and it decreases the good demand for many goods, adversely affecting the demand required to produce such goods.

Companies are largely controlling the economic factor but their effects on performance and the marketing mix can be profound. Companies are doing very well in international business and it is continue, Tesco is expected to contribute greater amount in next few years but company is still dependent on the U. K market. Slowdown in the food marker would affected the Tesco business in U. K and are exposed to market concentration risks.

Cultural & Social Factors

U. K customers are now a day's moved towards bulk and one-stop shopping and it indicates the social change. That's why non- food items are more available at Tesco for sale.

Female workers are increasing in U. K and aging population is also increasing because of demographic change. Decline in home meal preparation mean

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that retailers are also focusing on added-value products and services in U. K. Own-label share of the business is increasing and with this other change like the supply chain and operational improvement, which can drive costs out of the business.

Now a day's customers are more and more aware of the health problems and their attitude towards food selection is constantly changing. The demand of the goods and services is show the social condition of the customer. Tesco has made big change as the first allow their customers to pay by cash or cheques at the checkout. Tesco adapting the product mix culture to increase demand.

Technological Factors

To influence the development, technology is a major macro- environment variable of many Tesco products. Customer and the company both are getting benefits from new technology. Availability of all products makes satisfied the Tesco's customers. Services can become more personalised and shopping more convenient. Tesco is utilising the following technologies:-